

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the matter of)	
)	
BellSouth Telecommunications, Inc.)	
Tariff FCC No. 1)	Transmittal No. 657
)	
)	
)	

ORDER

Adopted: August 1, 2002

Released: August 2, 2002

By the Chief, Pricing Policy Division:

I. INTRODUCTION

1. Pursuant to section 204(a)(3) of the Communications Act of 1934, as amended,¹ BellSouth Telecommunications, Inc. (BellSouth) filed Transmittal No. 657 revising certain provisions of its interstate access tariff, FCC. No. 1, to become effective August 3, 2002.² BellSouth's tariff revisions would amend the sections of its tariff regarding security deposits to allow BellSouth to require security deposits in circumstances not covered by its existing tariff.

2. In particular, the revision would allow BellSouth to require security deposits not only from an existing customer that has a proven history of late payments, but from an existing customer "if that existing Customer's credit worthiness decreases to a commercially significant extent as compared to the level of credit worthiness determined by BellSouth when that Customer's service was established."³ Further, the revision would allow BellSouth to require a security deposit from an existing customer if the customer's gross monthly billing has increased as compared to the billing level used to determine the initial security deposit.⁴ The revision would also allow BellSouth to require a security deposit from a new customer not only if the new customer lacks established credit, but also based on BellSouth's review of the new customer's credit worthiness.⁵ The revision states that BellSouth will use a "commercially acceptable credit scoring tool applied in a commercially reasonable manner to determine a Customer's credit

¹ 47 U.S.C. § 204(a)(3).

² BellSouth Telecommunications, Inc., Tariff FCC No. 1, Transmittal No. 657 (July 19, 2002).

³ Tariff FCC No. 1, Second Revised Page 2-21.1, section 2.4.1(A).

⁴ *Id.*

⁵ *Id.* at Sixth Revised Page 2-21, section 2.4.1(A).

worthiness.”⁶ Finally, the revision outlines a procedure to resolve disputes regarding deposits, and describes when deposits will be refunded.⁷

3. As justification for this revision, BellSouth states that its uncollectible bills due to bad debt increased by more than 200 percent during the year 2001, as compared to the year 2000, and that the potential for bad debt continues to rise in 2002. Thus, according to BellSouth, the revision is necessary to safeguard its interests.⁸

4. On July 26, 2002, AT&T Corp. (AT&T), Sprint Communications Company, L.P. (Sprint), WorldCom, Inc. (WorldCom), US LEC Corp. (US LEC), and counsel for ITC^DeltaCom Communications, Inc., KMC Telecom Holdings, Inc., NewSouth Communications Corp., NuVox Communications, Inc., and XO Communications, Inc. filed petitions to reject, or, in the alternative, to suspend and investigate BellSouth’s tariff.⁹ On August 1, 2002, BellSouth filed its reply.¹⁰ In this Order we grant the petitions so far as they ask us to suspend and investigate BellSouth’s tariff, and we suspend for five months and set for investigation BellSouth’s revision to its interstate access Tariff FCC No. 1.

II. DISCUSSION

5. We find that petitioners raise substantial questions regarding the lawfulness of BellSouth’s tariff revision that require further investigation. They question whether the revision violates a Commission prescription, is unjust and unreasonable in violation of section 201(b) of the Act, and whether the language of the revision is vague and ambiguous in violation of sections 61.2 and 61.54 of the Commission’s rules.¹¹ Petitioners further question whether BellSouth has demonstrated substantial cause for a material change by a dominant carrier in a provision of a term plan.¹² For these reasons, we conclude that substantial questions regarding the lawfulness of BellSouth’s FCC Tariff No. 1, Transmittal No. 657 require further investigation, and we suspend it for five months. The specific issues that will be the subject of the investigation will be identified in an upcoming designation order and may include, but not be limited to, the issues identified in this paragraph. We may also, by order, identify discrete issues that do not warrant further investigation.

⁶ *Id.*

⁷ *Id.* at Original Page 2-21.2, section 2.4.1(A).

⁸ BellSouth Telecommunications, Inc., Tariff FCC No. 1, Transmittal No. 657, Description and Justification at 2.

⁹ BellSouth Telecommunications, Inc., Tariff FCC No. 1, Transmittal No. 657, Petition of AT&T Corp. (July 26, 2002) (*AT&T Petition*); Petition of Sprint to Reject or Alternatively Suspend and Investigate (July 26, 2002) (*Sprint Petition*); WorldCom Petition to Reject or, in the Alternative, Suspend and Investigate (July 26, 2002) (*WorldCom Petition*); Petition to Reject or Suspend and Investigate Proposed Tariff Revisions (July 26, 2002) (*US LEC Petition*); and Petition to Reject or, Alternatively, to Suspend and Investigate of ITC^DeltaCom Communications, Inc., KMC Telecom Holdings, Inc., NewSouth Communications Corp., NuVox Communications, Inc., and XO Communications, Inc. (July 26, 2002) (*Joint Petition*).

¹⁰ BellSouth Telecommunications, Inc., Tariff FCC No. 1, Transmittal No. 657, Reply of BellSouth (August 1, 2002).

¹¹ 47 U.S.C. § 201(b), 47 C.F.R. §§ 61.2, 61.54. *See, e.g.*, WorldCom Petition at 2-3, 8-13, 4-8; AT&T Petition at 2-3, 6-9; Joint Petition at 9-12.

¹² *See, e.g.*, WorldCom Petition at 13-17; Joint Petition at 8-9; US LEC Petition at 5-6..

III. *EX PARTE* REQUIREMENTS

6. This investigation is a permit-but-disclose proceeding and is subject to the requirements of section 1.1206(b) of the Commission's rules, 47 C.F.R. § 1.1206(b), as revised. Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentations must contain a summary of the substance of the presentation and not merely a listing of the subjects discussed. More than a one- or two-sentence description of the views and arguments presented is generally required.¹³ Other rules pertaining to oral and written presentations are also set forth in section 1.1206(b).

IV. ORDERING CLAUSES

7. ACCORDINGLY, IT IS ORDERED that, pursuant to section 204(a) of the Communications Act of 1934, as amended, 47 U.S.C. § 204(a), and through the authority delegated pursuant to sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91 and 0.291, Tariff FCC No. 1, Transmittal No. 657 of BellSouth Telecommunications, Inc. IS SUSPENDED for five months and an investigation IS INSTITUTED.

8. IT IS FURTHER ORDERED that BellSouth Telecommunications, Inc. SHALL FILE a supplement within five business days from the release date of this order reflecting the suspension. BellSouth Telecommunications, Inc. should cite the "DA" number on the instant order as the authority for the filing.

9. IT IS FURTHER ORDERED that the petitions to reject, or, in the alternative, suspend and investigate filed by AT&T Corp., Sprint Communications Company, L.P., WorldCom, Inc., US LEC Corp., and counsel for ITC^DeltaCom Communications, Inc., KMC Telecom Holdings, Inc., NewSouth Communications Corp., NuVox Communications, Inc., and XO Communications, Inc. ARE GRANTED to the extent indicated herein and otherwise ARE DENIED.

FEDERAL COMMUNICATIONS COMMISSION

Tamara L. Preiss
Chief, Pricing Policy Division
Wireline Competition Bureau

¹³ See 47 C.F.R. §1.1206(b)(2), as revised.